



Hundredth Legislature - First Session - 2007
Revised Committee Statement
LB 549

Hearing Date: January 29, 2007
Committee On: General Affairs

Introducer(s): (Synowiecki, 7)
Title: Provide for microdistilleries

Roll Call Vote – Final Committee Action:

- X Advanced to General File
 - Advanced to General File with Amendments
 - Indefinitely Postponed
-

Vote Results:

7	Yes	McDonald, Karpisek, Dierks, Dubas, Erdman, Friend, Janssen
0	No	
0	Present, not voting	
1	Absent	Preister

Proponents:

Senator John Synowiecki
 Brian Magee
 Zachary Triemert
 Sharon Schilling

Representing:

Introducer
 Upstream Brewing Company
 Upstream Brewing Company
 SchillingBridge Winery & Microbrewery

Opponents:

None

Representing:

Neutral:

Hobert B. Rupe

Representing:

Nebraska Liquor Control Commission

Summary of purpose and/or changes:

This bill was introduced to allow the operation of microdistilleries, also referred to as craft distilleries. A microdistillery licensee would have the same duties and privileges as microbrewery licensees. A microdistillery is the same concept as a microbrewery, but the product is spirits instead of beer.

Nebraska law already allows the operation of distilleries. What is different about a microdistillery license is that it will allow the licensee to sell its product on its licensed premises. For example, a restaurant that operates a microbrewery on the premises is allowed to sell that beer product directly to its dining customers. This bill will allow the operation of a microdistillery on the restaurant premises and allow the licensee to sell the spirit product to its dining customers. The restaurant would still

have to obtain licenses that allow them to operate a microbrewery and to sell alcohol on the premises, and to sell to other retailers, the licensee would have to use a wholesaler. The microdistillery would be required to pay the same tax rates as other spirit manufacturers, and would fall under the jurisdiction of the Alcohol and Tobacco Tax and Trade Bureau (TTB), the federal regulatory agency from which it must receive a license to operate a microdistillery.

A number of states allow microdistilleries, including: Iowa, Colorado, Kansas, Missouri, Ohio, Wisconsin, Delaware, Idaho, Michigan, and Montana.

Details

Section 1 amends §53-101, which cites the Nebraska Liquor Control Act, by adding a reference to the new language of this bill.

Section 2 amends §53-103, which defines terms, by adding a definition of microdistillery.

Section 3 amends §53-116.02, relating to licensee violations, by adding a reference to microdistillery licenses.

Section 4 amends §53-117.07, relating to license revocation proceedings, by adding a reference to microdistillery licenses.

Section 5 amends §53-123, which lists license types, by adding microdistillery licenses to the list.

Section 6 creates a new section which details the rights of a microdistillery licensee. New language allows a licensee to produce on the premises a maximum of 21,000 gallons of liquor per year; sell to licensed wholesalers; obtain a microdistillery license valid for the manufacturing and retail sale of the microdistilled product for consumption on or off the licensed premises; obtain an annual catering license or special designated license. Further allows the commission to grant special licenses to allow microdistilleries to purchase and import alcohol to be used as ingredients in the microdistillation process.

Section 7 amends §53-124, which lists license fees, by adding and clarifying what a microdistillery license is, and making the license fee \$250.

Section 8 amends 53-124.11, relating to special designated licenses, by adding reference to microdistillery licenses.

Section 9 amends §53-124.12, relating to annual catering licenses, by adding reference to microdistillery licenses.

Section 10 amends §53-129, relating to the premises to which retail and craft brewery licenses apply, by adding reference to microdistillery licenses which will have the same rights and duties as retail and craft brewery licenses.

Section 11 amends §53-131, relating to the application process for obtaining a retail or craft brewery license, by adding reference to microdistillery licenses.

Section 12 amends §53-132, relating to the retail and craft brewery licensing procedure, by adding reference and assigning the same procedures to microdistillery licenses.

Section 13 amends §53-133, relating to the hearing procedures for new retail and craft brewery license applicants, by adding reference to microdistillery licenses.

Section 14 amends §53-134, relating to powers and duties of local governing bodies over retail and craft brewery licenses, by adding reference to microdistillery licenses.

Section 15 amends §53-134.03, which states the right of local governing bodies to regulate by ordinance retail and craft brewery licenses, by adding reference to microdistillery licenses.

Section 16 amends §53-164.01, relating to the tax payment method, by adding a subsection stating the tax payment method for microdistilleries.

Section 17 amends §53-169, relating to prohibited acts by manufacturers or wholesalers, by stating that the Nebraska Liquor Control Act does not permit a microdistillery licensee to engage in wholesale distributing.

Section 18 amends §53-171, which prohibits manufacturers or wholesalers from receiving retail licenses, by clarifying that microdistilleries have only the rights and privileges granted by the new sections of this act.

Section 19 amends §53-188, relating to allowable liquor sales pursuant to state and local law, by adding reference to microdistilleries.

Section 20 amends §53-1,115, relating to certain license proceedings, by adding reference to microdistillery licenses.

Section 21 repeals the original sections.

Senator Vickie McDonald, Chairperson